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Army, DIA, DOS, FBI and JCS review(s) completed.

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1. New proposals in Azores negotiations—British Ambassador O'Malley is pessimistic about current negotiations for the use of air facilities in the Azores He has suggested to the US delegation, as an alternative approach, that Britain obtain control of the two air bases by invoking the Anglo-Portuguese alliance and permit US use of these bases. The US delegation does not favor this suggestion and proposes instead that President Truman issue a statement in return for Salazar's agreement to the original US proposals. This proposed statement would meet Portuguese desires for a US-Portuguese "understanding" by providing that the US would invoke UN action in the event of any aggressive act against Portugal.

EUROPE-AFRICA

- 2. POLAND: LaGuardia and British protest attack on UNRRA--According to Embassy Warsaw, both LaGuardia and the British Foreign Office have protested a recent speech in which Polish Vice Premier Gomulka asserted that UNRRA was (a) supplying grain to the Germans, (b) using food to influence elections in other countries, and (c) planning to "starve Polish voters" into acquiescence in "western politicians' schemes." The British note states that (a) Germany receives no UNRRA aid, (b) Britain has just diverted to Poland and other countries 200,000 tons of grain en route to the UK, and (c) the British Government "will know in the future that they can reserve their assistance for those who appreciate it."
- 3. ITALY: SAC disturbed by Venice disorder--According to the US political advisor at Caserta, an unruly band led by Italian naval personnel demonstrated and attempted to disrupt a British retreat ceremony in Venice on 9 May. The Supreme Allied Commander (a) regards such incidents as a threat to the security of his forces in Italy; (b) does not believe Italian authorities can prevent Italian naval personnel from staging further demonstrations in Venice; and (c) has requested the Italian Government to withdraw from the Venice area all Italian naval personnel "not essential" to the operation of the port.

FBI REVIEW COMPLETED - 19 Aug 03 JCS review(s) completed.

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4. IRAN: Qavam's report on negotiations—Ambassador Allen reports that after the breakdown of negotiations with the Azerbaijanis, Qavam (a) revealed that he still is under Soviet pressure to reach an agreement; (b) indicated a desire for "more specific assurance than he has received" of the aid which the Security Council might give to Iran; and (c) disclosed that among the important points at issue is the Azerbaijani demand for Government redemption and distribution to the peasants of land previously held by the Crown but now in private hands.

Retention of case on Security Council agenda—Acheson has advised Allen that on 10 May Iranian Ambassador Ala told State Department officials that he is convinced Iran must keep its case before the Security Council insofar as the case involves Soviet interference in Iran. In reply to the comment by US officials that Iran's apparent intention has been to withdraw all aspects of its complaint, Ala replied that he would ask Qavam to authorize him to state that "Iran desires the interference part of the complaint to remain on the Council agenda."

- 5. PALESTINE: Illegal immigration—According to US Consul General Jerusalem, the British authorities in Palestine have learned that (a) the 'entire tempo of illegal immigration is being stepped up' and (b) the illegal immigrants are not the type envisaged by the US-UK Committee but rather potential reinforcements of the illegal Jewish armies.
- 6. ETHIOPIA: Opposition to British trusteeship for Somaliland--US Minister Cole reports that the Ethiopian radio and press regard the British plan for a Greater Somaliland as "a national calamity, as indefensible morally as the Italian invasion." He believes that attempts to put such a plan into effect might arouse native violence.
- 7. AUSTRIA: US assistance in food program—The War Department has informed General Clark that, if UNRRA appears to be in a position to carry out its commitments, it would be desirable for him to "assist" UNRRA by making available military food reserves in order to promote an effective food program for all Austria. Such a program, the War Department believes, would strengthen the hand of the US Government.

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FAR' EAST

8. N.E.I.: British pessimistic over Indonesia -- Embassy London reports that British confidence over Indonesia has declined since Van Mook's return from Batavia, because of (a) the unexpectedly strong opposition in the Netherlands to the Van Mook-Sjahrir agreement (which would give the Indonesians substantially what they want), and (b) the considerable deterioration in Dutch-Indonesian relations in Java during Van Mook's absence.

THE AMERICAS

9. ARGENTINA: Army chief favors hemisphere defense—The Argentine Chief of Staff has told the US Military Attache that the Argentine Army (a) strongly favors a general plan for hemisphere defense; (b) envisages domestic production of standardized arms for the Argentine Army; and (c) expects Argentina to maintain custody of its bases but would open them to other Republics cooperating in hemisphere defense. Cabot has heard that a section of the Army welcomes the Soviet offer of captured German arms.

Moscow reportedly advises Communists war "almost inevitable" -
Moscow has informed Communist leaders in Argentina that "a future conflict between western powers
and the Soviet Union should be considered almost inevitable."

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